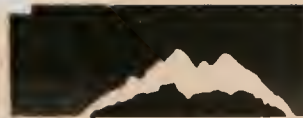




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Montana

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TOURISM AND FILM MARKETING PLAN

1995-1996 EXECUTIVE SUMMARY

Montana's tourism and recreation industry grew rapidly in the previous five years, and today it is considered among Montana's top three basic industries. This fact reinforces the importance of our marketing efforts, as well as the responsibility we have to protect and enhance the treasures we want to share with the rest of the world.

Travel Montana's mission is to strengthen Montana's economy by seeking to increase non-resident travel, and motion pictures and commercials filmed in Montana. This mission is acted on by promoting the state as a vacation destination, advocating responsible development of the Montana vacation product and marketing Montana as a film location.

PLEASE RETURN

MARKETING OBJECTIVES

Travel Montana's programs are intended to accomplish objectives which balance the goals of meaningful growth, responsible development and cooperation with others in the state who have an interest in Montana's tourism industry. These seven marketing objectives were developed in our five-year marketing plan (FY 1994 through FY 1998) and continue to guide Travel Montana's activities.

- | | | | |
|--------------|---|--------------|--|
| Objective #1 | Increase visitor expenditures in Montana an average of 5% per year, with emphasis on raising per-visit expenditures and length of stay. | Objective #5 | Increase labor income derived from the tourism industry in less-traveled areas of the state. |
| Objective #2 | Increase overall labor income (travel payroll) derived from the tourism and recreation industry an average of 3%-5% per year. | Objective #6 | Support tourism development and growth which enhances Montana's natural, historical and cultural resources, and mitigates negative impact. |
| Objective #3 | Increase instate expenditures generated from motion picture and commercial productions filmed in Montana. | Objective #7 | Foster cooperation in tourism promotion and development through all sectors of the tourism industry. |
| Objective #4 | Raise labor income (travel payroll) derived from the tourism industry during the fall, spring and winter seasons. | | |

MONTANA TOURISM UPDATE

1994-1995

TOURISM'S ECONOMIC BENEFIT

Travel industry growth during the previous decade has outpaced all other natural resource-based basic industries in Montana. That pace continued in 1994 when a record 7.7 million visitors spent an estimated \$1.2 billion in Montana, an increase of 6% over visitor expenditures made in 1993.

1994 Visitor Expenditures by Quarter

Total:	\$1.2 billion	
Fall:	\$148 million	— 13%
Winter:	\$279 million	— 24%
Spring:	\$541 million	— 45%
Summer:	\$207 million	— 18%

How Visitors Spend Their Travel Dollar

Retail Sales:	\$326 million	— 28%
Food Service:	\$319 million	— 27%
Lodging:	\$220 million	— 19%
Gasoline:	\$210 million	— 18%
Other:	\$ 88 million	— 7%
Transportation:	\$ 12 million	— 1%

Visitor expenditures circulate through a broad cross-section of the Montana economy as shown above. Considering the indirect and induced impacts related to visitor spending, the total impact of tourism to Montana in 1994 is estimated at \$2.5 billion.

TOURISM AND RECREATION RELATED JOBS

Non-resident visitor expenditures sustained an estimated 59,000 jobs in 1994, indicating an employment growth rate of 4% for the past year. Travel payroll earned by Montana workers reached an estimated \$728 million, an increase of 6% over 1993.

CONTRIBUTION OF MOTION PICTURES AND COMMERCIALS FILMED IN MONTANA

Aside from the exposure gained when Montana is featured in movies and commercials, significant economic impact is generated from this activity. In 1994 millions of dollars were generated by over 70 productions which included location filming in Montana.

SUPPORT FOR TOURISM DEVELOPMENT AND INDUSTRY COOPERATION

One of the main goals of the strategic plan was to redirect some of Travel Montana's resources (financial and staff) towards the appropriate development of Montana's tourism related infrastructure. Programs that have been developed include:

- Rural Tourism Assessment and Development
- Tourism Infrastructure Investment Grants
- Superhost Customer Service Training
- Visitor Information Center funding
- Creation of a new Indian Tourism specialist position
- Funds for state park operations and maintenance, capitol tours, and historic rehabilitation, and support for the states trade program.

In addition, the Tourism Advisory Council has moved to equalize the distribution of marketing funds to less traveled areas of the state's by redirecting regional distribution.

Currently, over 18% of accommodations tax collected is directed towards infrastructure needs in Montana.

TRAVEL MONTANA PROGRAMS

The following pages provide an overview of Travel Montana's programs and activities. Because these are undertaken with our mission and objectives in mind, the objectives which each program or activity is intended to achieve are indicated.

PROGRAM		OBJECTIVES						
CONSUMER MARKETING		1	2	3	4	5	6	7
<i>Travel Montana's consumer marketing positions Montana as a prime vacation destination. Several types of advertising are used, often in cooperation with other states and travel industry partners. Program effectiveness is monitored and evaluated on an ongoing basis.</i>								
Fall Marketing	TV advertising airs regionally in adjacent markets, encouraging fall travel to nearby Montana.	X	X		X	X		
	Magazine advertising in regional and national magazines, targets those with a propensity to travel in the fall: "empty nesters" and RV travelers. Part of the Montana/Wyoming campaign also reaches this audience.	X	X		X	X		
Winter Marketing	The downhill ski advertising co-op includes many elements:							
	TV advertising airs in regional markets and on cable stations in major markets. Ski areas may buy into the schedule, inserting vacation package information and phone numbers into the Montana TV spot.	X	X		X			X
	Magazine ads are placed in U.S. ski magazines. Inquirers may request the option of getting information from Montana ski areas.	X	X		X			X
	The Ski Montana Road Show — hosted by ski areas in key markets — and ski report distribution are also important to this co-op effort.	X	X		X			X
	Cross-Country ski magazine advertising targets these winter sport enthusiasts who seek Montana winter vacation information.	X	X		X	X		
	A pilot project with Gold West Country utilizing magazine advertising, targets snowmobile enthusiasts, primarily in western and midwestern states.	X	X		X	X	X	X
	Invite a Friend to Visit public service campaign encourages Montanans to invite friends and relatives to visit and to vacation with them instate. TV, radio, newspaper and mail-in coupons are used.	X	X		X	X		X
Spring/Summer Marketing	TV Advertising helps create and maintain awareness of Montana as a vacation destination. It is targeted to reach travelers in nearby major metropolitan markets, as well as other specific growth markets. In addition, limited placement is made on national cable networks.	X	X			X		
	Advertising in national and regional magazines reaches consumers most likely to travel to Montana, conveying an image of Montana as a unique vacation destination and offering vacation planning information.	X	X			X		
	Other magazine advertising is done through two marketing co-ops: Montana/Wyoming, and Old West Trail.	X	X			X		X
	Invite a Friend to Visit public service campaign encourages Montanans to invite friends and relatives to visit and to vacation with them instate. TV, radio, newspaper and mail-in coupons are used.	X	X			X		X
Opportunity Marketing	Matching tourism region contributions, this program will provide assistance funding for less traveled regions to develop their market.	X		X	X	X	X	
Exhibiting	Travel Montana provides support to tourism regions who elect to exhibit under the Montana banner at selected consumer travel shows.	X	X		X	X		X

Key to Marketing Objectives (abbreviated, see cover): #1 — Increase visitor expenditures; #2 — Increase labor income overall; #3 — Increase in-state expenditures from motion picture/commercial filming; #4 — Raise labor income from fall, spring, winter seasons; #5 — Increase labor income from less-traveled areas; #6 — Support appropriate tourism development; #7 — Foster industry cooperation.

PROGRAM		OBJECTIVES						
CONSUMER PUBLICATIONS		1	2	3	4	5	6	7
<i>Consumer travel publications are important, often influencing potential visitors to choose Montana rather than other vacation destinations. Montana's guides are consumer driven — designed to simplify planning, enhance the travel experience and encourage repeat visits.</i>								
Vacation Planning Packet	Publications used to respond to consumer inquiries include: Vacation Guide with highway map; Travel Planner (specific recreation and accommodations information); and Calendar of Events.	X	X		X	X		X
Specific Publications	Publications that detail recreational or cultural vacation opportunities: Winter Guide; Fishing Guide and Montana Indian Reservations brochure	X	X		X	X	X	X
U.S. AND CANADIAN PUBLICITY								
<i>Publicity is believable and effective exposure for a travel destination. Travel Montana actively seeks publicity in national magazines, on TV programs and with regional/local media. An evaluation of the estimated value of Travel Montana's media exposure is made each year.</i>								
Publicity Campaigns	Travel Montana coordinates efforts to promote Montana attractions or events, especially those in less-traveled areas and shoulder seasons and often with other states (e.g. Old West Trail) on regional themes.	X	X		X	X		
Familiarization Trips for Writers	Often in coordination with one or more tourism regions, these hosted trips bring selected writers to Montana to gather story information.	X	X		X	X		X
Publicity Assistance & Communication	Working with tourism industry partners, Travel Montana helps writers get to Montana by arranging airfares, lodging, meals and transportation.	X	X		X	X	X	X
	Travel Montana acts as a media resource for photos and video footage.	X	X		X	X	X	
	"Untold Story Leads from Montana," a quarterly newsletter, offers brief story ideas and a reminder that Montana offers great subjects to cover.	X	X		X		X	
	Publicity mailings, including press kits and media-focused event calendars, are sent on a regular basis to important media contacts	X	X		X		X	
Montana Travel Update	This monthly newsletter offers timely bulletins on tourism issues and reports, to help keep travel industry partners and supporters informed.						X	X
OVERSEAS MARKETING								
<i>Travel Montana aggressively promotes Montana as a destination to the international travel trade — including tour operators and wholesalers, travel agencies and journalists — with particular focus on the United Kingdom, Germany, France, Taiwan and Japan.</i>								
Western Europe	In cooperation with Wyoming, South Dakota, Idaho and the gateway city of Denver, Montana is marketed by a travel representative — Rocky Mountain International. These efforts include travel trade shows, sales missions, FAM tours and movie promotions.	X	X		X		X	X
Pacific Rim	Montana Trade Office staff in Kumamoto (Japan) and Taipei (Taiwan) promote Montana in their countries. Sales calls are made by Travel Montana to the U.S. offices of Japanese and Taiwanese tour companies. In addition, Montana, Wyoming and South Dakota have contracted with Osamu Hoshino through RMI to coordinate our Pacific Rim marketing efforts.	X	X		X		X	X
General Overseas Promotional Activities	Travel Montana, often with private sector delegates, participates in key international travel trade shows in the U.S. and western Europe.	X	X					X
	Familiarization tours for tour operators and travel journalists will again be conducted in 1995-96.	X	X		X	X		X
	An Overseas Marketing Workshop will be offered at the 1996 Governor's Conference for Montana businesses interested in marketing to overseas visitors.						X	X

Key to Marketing Objectives (abbreviated, see cover): #1 — Increase visitor expenditures; #2 — Increase labor income overall; #3 — Increase in-state expenditures from motion picture/commercial filming; #4 — Raise labor income from fall, spring, winter seasons; #5 — Increase labor income from less-traveled areas; #6 — Support appropriate tourism development; #7 — Foster industry cooperation.

PROGRAM		OBJECTIVES						
U.S. AND CANADIAN GROUP TRAVEL MARKETING		1	2	3	4	5	6	7
<i>Montana is promoted directly to group tour operators and wholesalers as an all-season tour destination and tour stopover which offers a variety of tour itineraries.</i>								
Group Tour Industry	Familiarization tours provide site evaluation opportunities.	X	X		X	X	X	X
Communication and Support	Direct mailings provides current information and promotional materials.	X	X		X	X	X	X
	Personal contacts with group tour operators are made through sales calls and by attending select travel trade shows and conventions.	X	X		X	X	X	X
	The Montana Group Tour Planning Guide is a complete planning reference for group tour operators.	X	X		X	X	X	X
Advertising	Cooperative advertising with private sector partners runs in magazines that target tour operators and suppliers in order to heighten their awareness of group travel opportunities in Montana.	X	X		X	X	X	X
Group Travel Workshop	A seminar which focuses on techniques for developing group tour business is offered to Montana travel industry partners.	X	X		X	X	X	X
MEETINGS AND CONVENTIONS MARKETING								
<i>Travel Montana is continuing to expand its efforts to market Montana as a location for meetings, seminars and conventions, communicating a positive image of Montana and coordinating sales lead follow up with the state's Convention and Visitor Bureaus (CVBs).</i>								
Advertising	Travel Montana advertises — in cooperation with the CVBs — in publications which target those who influence or make decisions about the location of meetings, seminars and conventions.	X	X		X	X	X	X
Montana Meeting Planner's Guide	This guide is a complete resource for meeting planners and is used to fulfill inquiries to the advertising, as well as other requests.	X	X		X	X	X	X
Trade Shows	Travel Montana will attend up to four shows, sharing booth space with interested CVBs whenever possible.	X	X		X	X	X	X
Direct Mail	Direct mail to about 10,000 targeted meeting planners throughout the U.S. will include a return reply card for additional information. The fulfillment mailing will include a letter from the Governor and the Montana Meeting Planner's Guide.	X	X		X	X	X	X
Invite a Convention	By a letter from the Governor, this campaign encourages state employees and other citizens who attend business or association conventions to invite future conventions to Montana.	X	X		X		X	X
FILM INDUSTRY PROMOTION AND SERVICES								
<i>The Montana Film Office markets the state as a unique film location for feature films, commercials, television programs, documentaries, music videos and still photography.</i>								
Advertising and Marketing	Trade magazine advertising, targeted to reach location decision makers, conveys an image and builds awareness of Montana as a prime filming location. A photo essay brochure, promotional poster and calendars — distributed by direct mail and at trade shows also reinforce awareness.			X				
Montana Production Guide	The Montana Production Guide, a complete reference for shooting a production in Montana, is distributed to key location decision makers.			X				
Trade Shows and Film Festivals	Representing Montana at major film industry trade shows and festivals allows film office staff to increase awareness and knowledge of the state through personal contact with producers, directors and location scouts.			X				
Film Industry Support	Film Office staff provide information, location photos, scouting, liaison and other support services to producers, directors, location managers and industry executives.			X				

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PROGRAM		OBJECTIVES						
		1	2	3	4	5	6	7
INDUSTRY SERVICES								
<i>Travel Montana's industry service programs and activities provide essential support to Montana's non-profit tourism organizations, as well as marketing and human resource information and training to Montana communities, Indian reservations and businesses.</i>								
Disbursement of Lodging Tax Funds to Certified Tourism Organizations	The Lodging Tax law earmarks 25% of funds going to the Department of Commerce for return to 15 certified local and regional tourism organizations for marketing projects. Travel Montana administers this distribution by reviewing and presenting funding requests to the Tourism Advisory Council for their approval, assuring legal and financial compliance and providing project follow-up and audits.	X	X	X	X	X	X	X
Visitor Information Centers and Resources	In cooperation with six communities, Travel Montana is helping to provide up-to-date Visitor Information Centers with: VIC training, the Quick Reference Guide and a link to Montana's interactive travel information computer system. One additional site is planned.	X	X		X	X	X	X
Governor's Conference	The Governor's Conference on Tourism and Recreation builds industry awareness, consensus for the direction of the state's travel industry and provides marketing tips, research about current travel trends and practical "how-to" workshops. April 15-16, 1996 in West Yellowstone.						X	X
CONSUMER SERVICES								
<i>Consumer services performed by Travel Montana include helping consumers with travel planning and maintaining accurate inquiry data for the evaluation of marketing programs.</i>								
Travel Counseling & Inquiry Processing	Each year Travel Montana receives about 450,000 requests for vacation information. Fulfillment and telemarketing services are provided by contract, as well as by Travel Montana travel counselors. Inquiries are entered into a computer database for fulfillment, tracking purposes and analysis.	X	X		X	X		
Inquiry Fulfillment	Inquiries for information are processed within two working days; most packets are sent by bulk mail usually arriving within two weeks. Ongoing bulk distribution of travel publications is provided throughout the state.	X	X		X	X		X
TOURISM DEVELOPMENT AND EDUCATION								
<i>Because coordination within the Montana tourism industry is increasingly important, Travel Montana will facilitate tourism-related efforts between state and federal agencies and will enhance its development and education outreach to Montana communities.</i>								
Interagency Coordination	The new Montana Tourism & Recreation Initiative will cultivate and facilitate cooperation on tourism-related matters between eleven state and federal agencies. Travel Montana will facilitate meetings and will maintain communication with the private sector on such issues.	X	X		X	X	X	X
Indian Tourism Development and Promotion	Travel Montana, in partnership with the Montana Coordinator of Indian Affairs Office, works closely with Montana's American Indians on tourism planning, marketing and promotion.	X	X			X	X	X
Strategic Planning	Travel Montana will review and update progress on both the Five-Year Strategic Tourism Plan and the Five-Year Marketing Plan in FY 1996.	X	X	X	X	X	X	X
Funding Procurement	Travel Montana continues to research and pursue alternative funding through grants and sponsorships to complement lodging tax funds.						X	X
Rural Tourism Assessment	To assist rural Montana communities considering the possible economic potential of tourism, Travel Montana — in partnership with the Montana State University Extension Program — facilitates a community tourism assessment and development program.					X	X	X
Education	Working with various public agencies, Travel Montana will coordinate and help fund training on topics like farm and ranch vacations, tourism business plans, and development feasibility studies.						X	X
Tourism Infrastructure Investment Program (TIIP)	As Travel Montana's newest investment program, this program will generate grant funding to facilitate the development of new tourism related products, and the enhancement of existing products which have the potential to extend a visitor's stay in Montana.	X					X	X

Key to Marketing Objectives (abbreviated, see cover): #1 — Increase visitor expenditures; #2 — Increase labor income overall; #3 — Increase in-state expenditures from motion picture/commercial filming; #4 — Raise labor income from fall, spring, winter seasons; #5 — Increase labor income from less-traveled areas; #6 — Support appropriate tourism development; #7 — Foster industry cooperation.

PROGRAM		OBJECTIVES						
SUPERHOST AND INFORMATION SERVICES		1	2	3	4	5	6	7
<i>Travel Montana's Superhost Program is designed to improve the travel information and the human resources of Montana's communities, Indian reservations and businesses. The program also strives to make Montana's travel information available electronically throughout the world.</i>								
Superhost Training Program	The Superhost program seeks to create awareness and understanding of Montana's tourism industry and to enhance the level of customer service provided by businesses, attractions and communities. As a result, visitors will stay longer, return again and encourage others to visit.	X	X	X	X	X	X	X
Tourism Awareness Campaign	A Tourism Awareness campaign will be developed to educate Montanans about the important role tourism plays in the state's economy.	X	X		X	X	X	X
Interactive Travel Information System	The development of a statewide information system will compile the tourism and recreation resources of Montana's state and federal agencies state-of-the-art multimedia computer system. The systems will be available statewide to provide visitors with up-to-date information.	X	X		X	X	X	X
Electronic Marketing Systems	Montana's travel and recreation information will be made available through a number of electronic services. This cost-effective method of disseminating travel information will give consumers the ability to obtain Montana information "instantly" through various computer services.	X	X	X	X	X	X	X

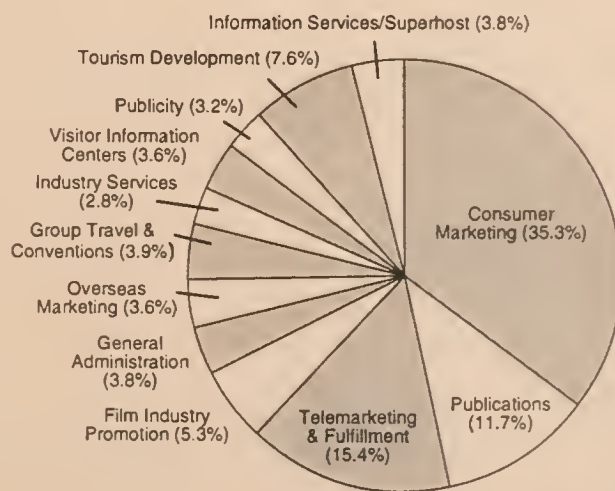
TOURISM FUNDING

Our state's dramatic tourism growth since 1988 is directly tied to the Montana Legislature's creation, in 1987, of a dedicated accommodations tax. Montana funds its travel and tourism marketing programs solely from this source, **with no dollars from the general fund**. The existence of this funding, and the valuable promotional efforts it has allowed, are essential to maintaining and increasing tourism growth into the future, with widespread economic benefits to all Montanans.

FISCAL YEAR 1995 ACCOMMODATIONS TAX FUNDING

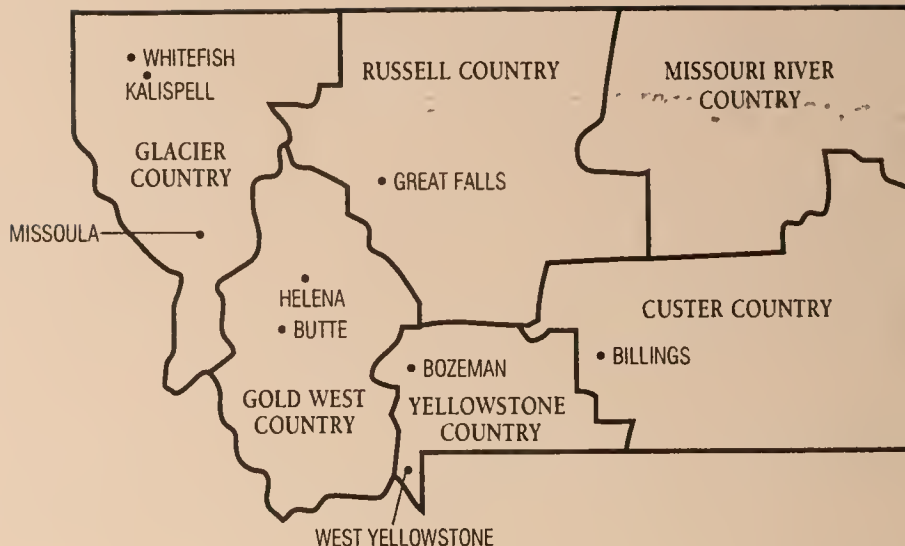
Revenue:	
Projected Lodging Tax Revenues	\$8,737,780
Use of Funds:	
State Parks Operations & Maintenance - 6.5% ..	(567,956)
Department of Revenue - 3% (Tax collection costs & refund of tax paid by state employees)	(262,133)
University System - 2.5%	
(Tourism & Recreation Research)	(218,445)
Historical Society - 1% (Historical Sites and Signage) ..	(87,387)
Available for Department of Commerce - 87% (regions/CVBs and Travel Montana) ..	\$7,601,869
Region & CVB Tourism Marketing - 21.75%	\$1,900,467
Travel Montana Programs - 65.25%	\$5,701,401
Projected Travel Montana FY 1996 Budget	
Funds Available from Accommodations Tax	\$5,701,401
Income from ad sales, co-op projects, training, etc	\$636,150
Legislatively mandated support for the Montana Trade Program ..	(200,000)
Legislatively mandated support for Capitol tours & Original Governor's Mansion Restoration ..	(75,000)
Total Funds Available/Projected Budget	\$6,062,551

HOW TRAVEL MONTANA FUNDS ARE SPENT



CERTIFIED TOURISM ORGANIZATIONS

Twenty-five percent of Montana's tourism budget is legislatively allocated to 15 certified tourism organizations—private, non-profit corporations that market specific regions and cities in the state. Under the direction and guidance of the Tourism Advisory Council, these organizations submit annual marketing plans which are on file at Travel Montana.



TRAVEL MONTANA ORGANIZATIONAL CHART

